



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

September 6, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**APPROVE TWO RESOLUTIONS OF INTENTION TO GRANT TWO
15-YEAR COMMON-CARRIER PETROLEUM PIPELINE FRANCHISES
TO SFPP, L.P., AND TO CALNEV PIPE LINE LLC
(FIRST, SECOND, FOURTH AND FIFTH DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the Resolution of Intention to grant a new 15-year common-carrier petroleum pipeline franchise to SFPP, L.P., a Delaware limited partnership, attached hereto as Attachment 1, setting the matter for public hearing on September 27, 2005, pursuant to Section 6232 of the California Public Utilities Code, and instructing the Executive Officer of the Board to arrange for publishing of a notice of the public hearing.
2. Adopt the Resolution of Intention to grant a new 15-year common-carrier petroleum pipeline franchise to Calnev Pipe Line LLC, a Delaware limited liability company (Calnev LLC), attached hereto as Attachment 2, setting the matter for public hearing on September 27, 2005, pursuant to Section 6232 of the California Public Utilities Code, and instructing the Executive Officer of the Board to arrange for publishing of a notice of the public hearing.
3. Find that these projects are categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the accompanying ordinances awarding two new 15-year common-carrier petroleum pipeline franchises to SFPP, L.P., and to Calnev LLC, becoming effective on November 14, 2005, such date being sequential to the expiration dates of the SFPP, L.P., and Calnev LLC existing franchises.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The purpose of the recommended actions is to approve two Resolutions of Intention and schedule the public hearing and legal publishing necessary to grant two new 15-year common-carrier petroleum pipeline franchises to SFPP, L.P., and Calnev LLC, to renew their existing franchise rights.

Implementation of Strategic Plan Goals

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's approval and adoption of two ordinances to renew these two existing petroleum pipeline franchises is consistent with this goal.

FISCAL IMPACT/FINANCING

SFPP, L.P., and Calnev LLC have each paid the County a one-time granting fee of \$5,000 to process the ordinances to grant two new franchises. SFPP, L.P., currently pays the County an annual franchise fee based upon two percent of the gross annual receipts arising from the use of the franchise, which totaled \$43,255 for the 2004 calendar year. Calnev LLC pays an annual fee based upon a formula using the internal diameter and linear footage of the pipelines, pursuant to a rate schedule contained in the County Highway Code, which totaled \$23,788 for the 2004 calendar year.

Under the payment provisions contained in the new franchises, SFPP, L.P., and Calnev LLC will pay a base annual fee of approximately \$42,560 and \$16,250 per year, respectively, calculated based upon a formula using the internal diameter and linear footage of the pipelines, pursuant to the rate schedule contained in Section 6231.5 of the California Public Utilities Code (CPUC).

However, after SFPP, L.P., and Calnev LLC adjust their base annual fees for inflation using the price index specified in the CPUC, in the first year SFPP, L.P. will pay a total annual franchise fee of approximately \$64,300, an increase of over \$21,000 when compared to the current percentage of gross receipts formula. Calnev LLC will pay a total annual franchise fee of approximately \$24,560, an increase of over \$750 when compared to the current linear footage formula contained in the existing franchise.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 14, 1980, your Board adopted Ordinance No. 12,238, and 12,239, each granting a 25-year Countywide petroleum pipeline franchise to Calnev Pipeline Company (Calnev), and to Southern Pacific Pipe Lines, Inc. (SoPac), respectively. Both franchises became effective November 14, 1980, and will expire November 13, 2005. From 1988 to 2001, both franchisees were acquired and became operating partnerships of Kinder Morgan Energy Partners, L.P. (KMP).

In March 1989, your Board adopted Ordinance No. 89-0050F, approving a transfer of the SoPac franchise (Ord. No. 12,239) to Southern Pacific Pipe Lines Partnership, L.P. (SoPac L.P.). In 1990, SoPac L.P. changed its name to SFPP, L.P., and in 1998, KMP acquired the SFPP, L.P. assets. KMP also acquired Calnev in 2001 and changed Calnev's corporate structure and company name to Calnev Pipe Line LLC.

KMP is the largest pipeline limited partnership in the country and owner of the nation's largest independent refined petroleum products pipeline system in terms of volume delivered. The SFPP, L.P., and Calnev pipeline systems are integral parts of KMP's Pacific operations that transport 1.1 million barrels per day of gasoline, diesel and jet fuel, to California, Nevada and Arizona, and provides pipeline service to 39 customer-owned terminals, nine commercial airports and 15 military bases. The Pacific operations consist of over 3,000 miles of rate-regulated interstate and intrastate common-carrier pipelines.

In Los Angeles County, the 2,500-mile SFPP, L.P. system consists mainly of the 670-mile "West Line", which transports products for 37 shippers from foreign and domestic sources, including the Los Angeles and Long Beach ports, nine refineries and three terminals, to commercial and military delivery points. Most of this volume is transported to Colton, California, to interconnect with the 550-mile Calnev system that serves Barstow and Edwards Air Force Base, and provides Las Vegas one million gallons of gasoline per day.

By letter in July 2005, KMP requested your Board to grant two new common-carrier petroleum pipeline franchises to renew the SFPP, L.P., and Calnev existing franchise rights for petroleum pipelines KMP maintains and operates within certain unincorporated areas of the County.

The Audit Division of the Auditor-Controller, the Department of Public Works and the Fire Department have reviewed the request and have no objections. County Counsel has reviewed the accompanying franchise ordinances and approved them as to form.

ENVIRONMENTAL DOCUMENTATION

These projects are categorically exempt under the CEQA pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board actions will not impact or adversely affect any current services or future projects.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to send conformed copies of the approved Board recommendation and the adopted ordinances to Kinder Morgan Energy Partners, L.P., Attention: Ms. Mary E. Sida, Lands and Right of Way Specialist, 1100 Town & County Road, Orange, CA 92868 and the offices of County Counsel, Auditor-Controller, Audit Division, Department of Public Works, Fire Department, Petrochemical Unit, and the Chief Administrative Office, Real Estate Division, Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,


DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CB:RB:cc

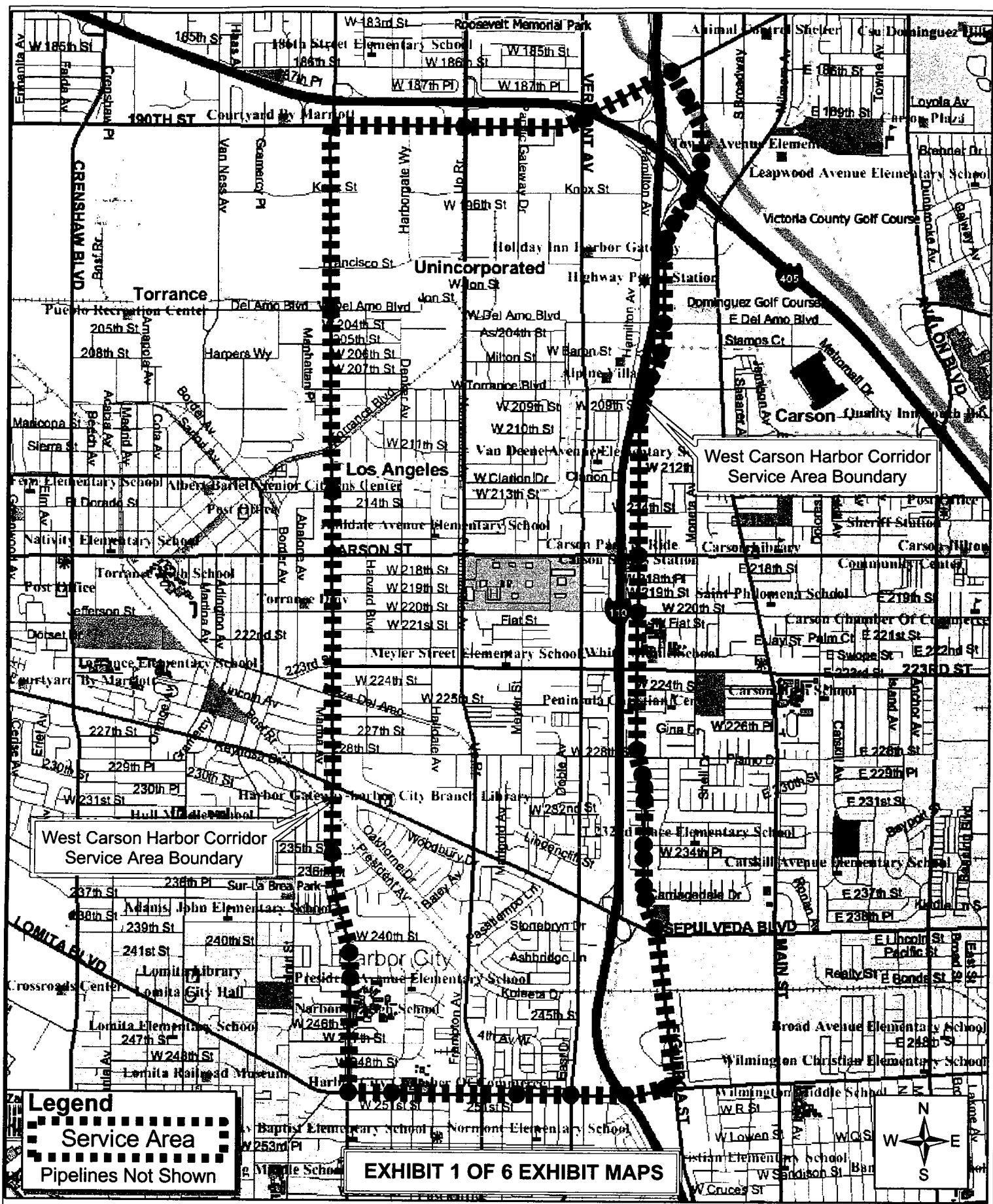
Attachments (3)

c: County Counsel
Auditor-Controller, Audit Division
Department of Public Works
Fire Department

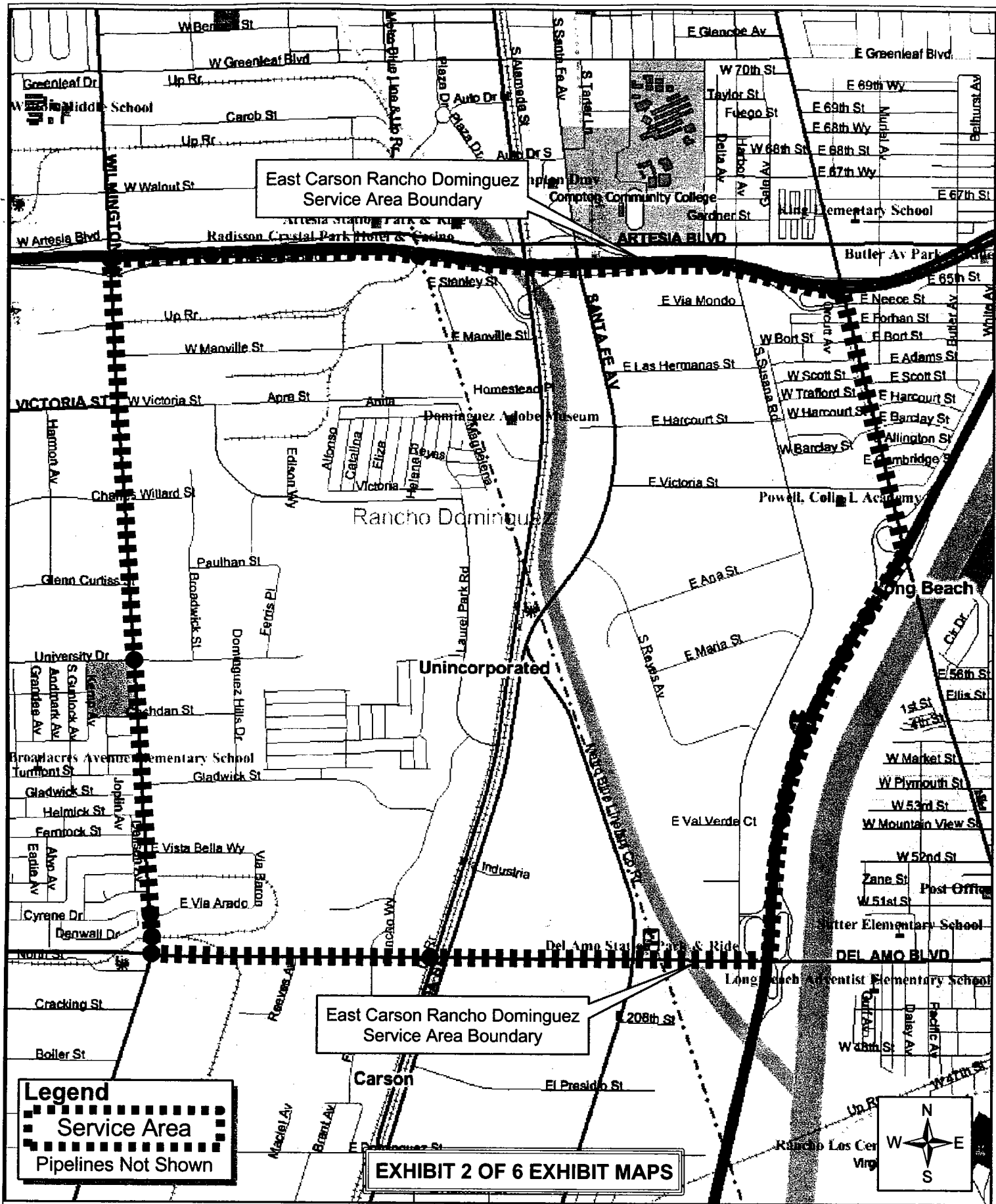
SERVICE AREA MAPS

SEVEN PAGES OF SERVICE AREA MAPS

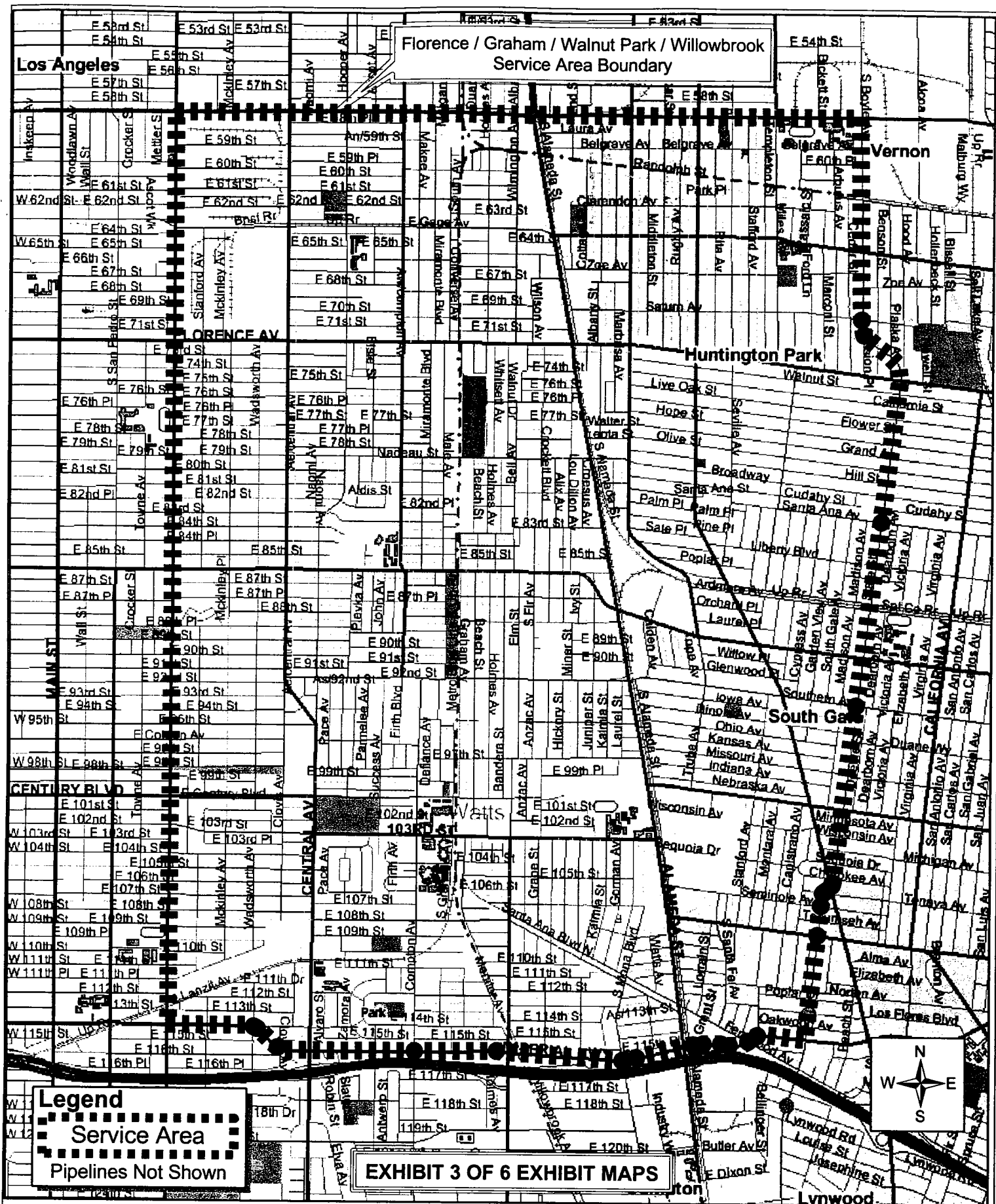
These maps, which are attached to the SFPP, L.P. ordinance as Exhibits 1 through 6, and attached to the Calnev Pipe Line LLC ordinance as Exhibit 1, illustrate the location of the area affected by the franchises and are provided for the convenience of the reader.



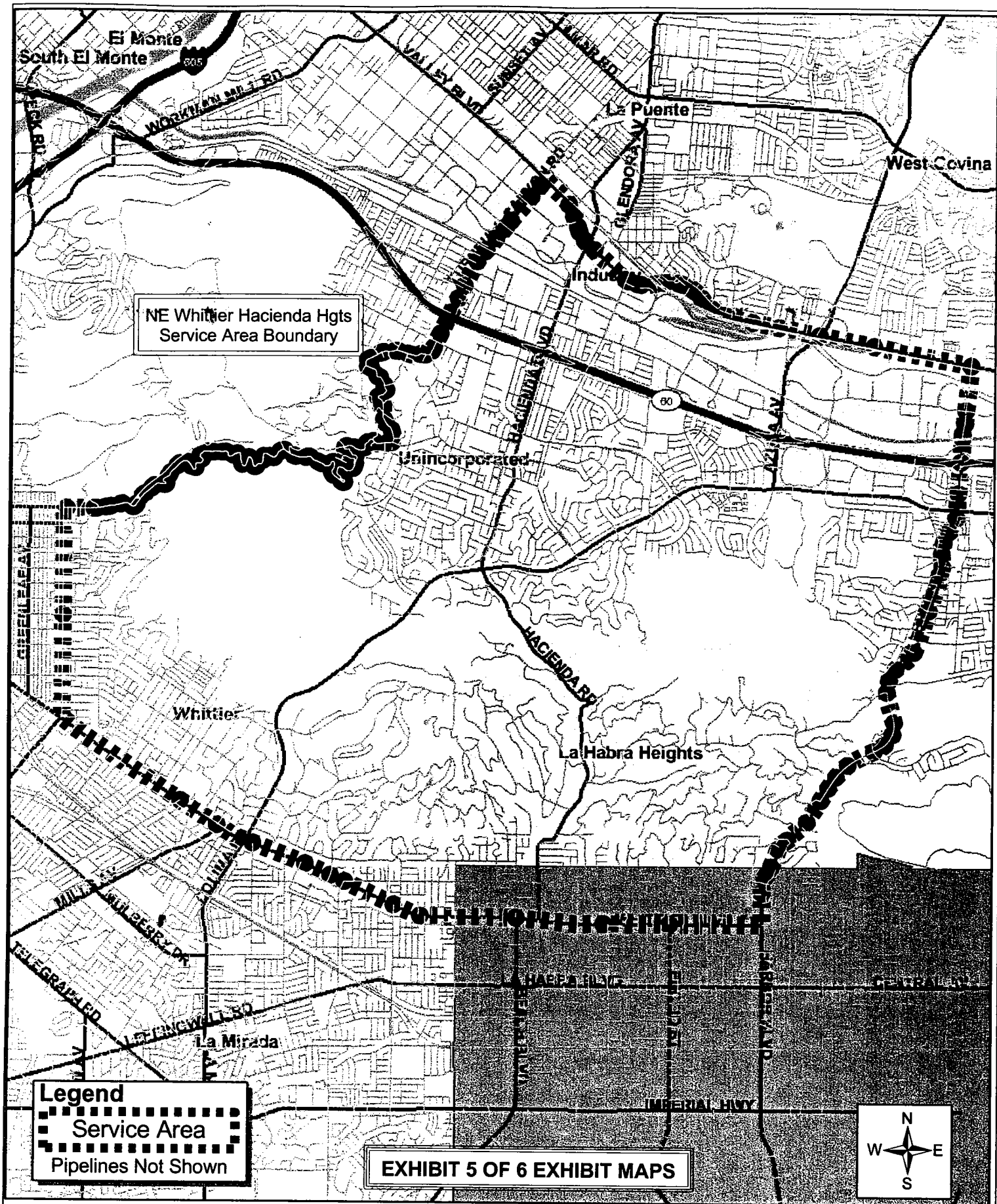
Date June 15, 2005	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE SFPP, L.P. - Kinder Morgan Energy Partners, L.P. Common Carrier Petroleum Pipeline Franchise Part A: West Carson / Harbor Corridor Area	Renew SFPP, L.P. Ord. No. 12,239
Sup Districts 2nd and 4th Districts		Agent R. Ball



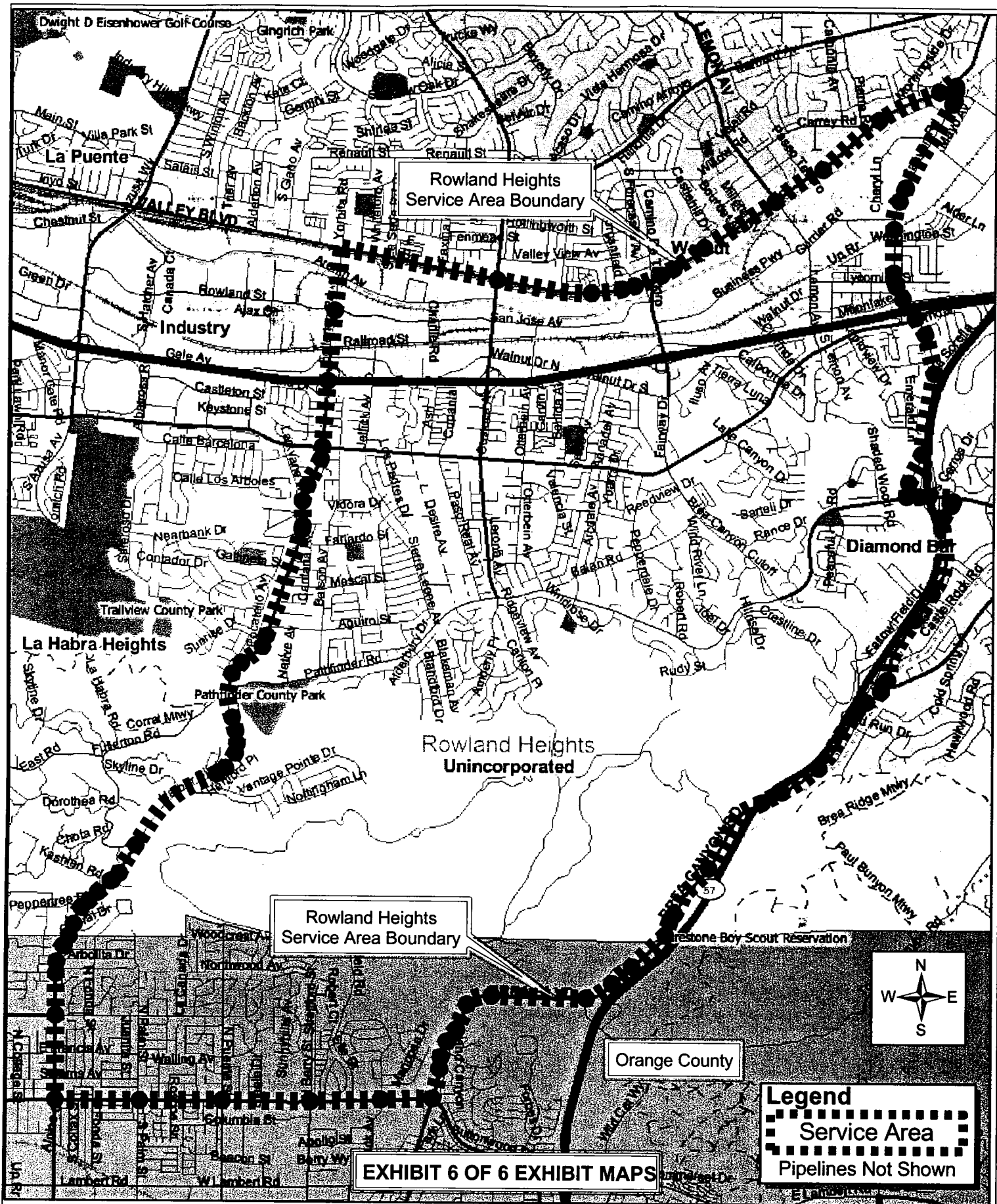
Date June 15, 2005	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE SFPP, L.P. - Kinder Morgan Energy Partners, L.P. Common Carrier Petroleum Pipeline Franchise Part B: East Carson / Rancho Dominguez Area	Renew SFPP, L.P. Ord. No. 12,239
Sup Districts 2nd and 4th Districts		Agent R. Ball



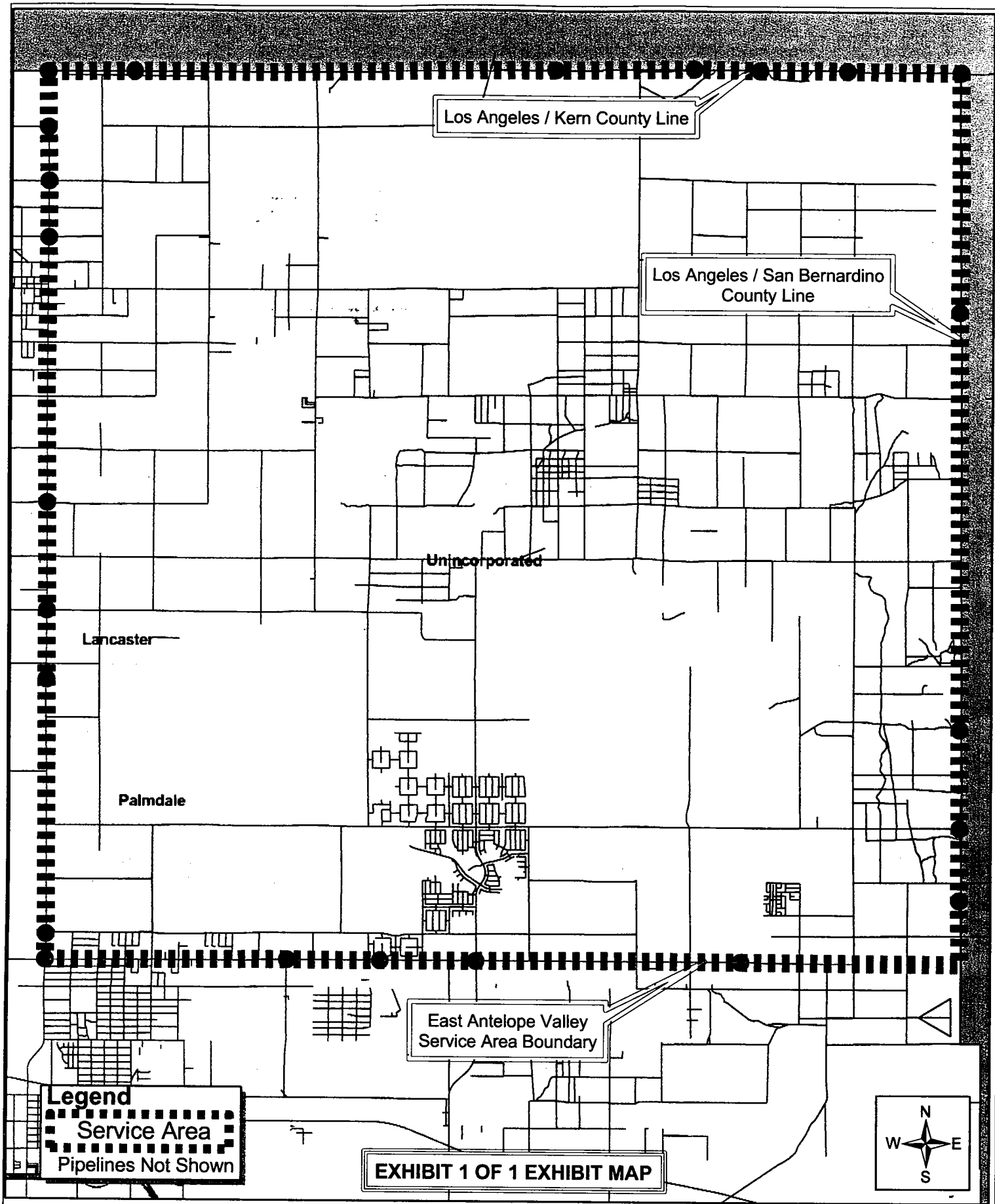
Date June 15, 2005	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE SFPP, L.P. - Kinder Morgan Energy Partners, L.P. Common Carrier Petroleum Pipeline Franchise Part C: Florence / Graham / Walnut Park / Willowbrook Area	Renew SFPP, L.P. Ord. No. 12,239
Sup Districts 1st and 2nd Districts		Agent R. Ball



<p>Date June 15, 2005</p>	<p>COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE SFPP, L.P. - Kinder Morgan Energy Partners, L.P. Common Carrier Petroleum Pipeline Franchise Part E: Northeast Whittier / Hacienda Heights Area</p>	<p>Renew SFPP, L.P. Ord. No. 12,239</p>
<p>Sup Districts 1st and 4th Districts</p>		<p>Agent R. Ball</p>



<p>Date June 15, 2005</p>	<p>COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE SFPP, L.P. - Kinder Morgan Energy Partners, L.P. Common Carrier Petroleum Pipeline Franchise Part F: Rowland Heights Area</p>	<p>Renew SFPP, L.P. Ord. No. 12,239</p>
<p>Sup Districts 1st and 4th Districts</p>		<p>Agent R. Ball</p>



Date June 2005	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Calnev Pipe Line LLC - Kinder Morgan Energy Partners, L.P. Common-Carrier Petroleum Pipeline Franchise Part A: East Antelope Valley Service Area	Renew Calnev P/L Co. Ord. 12,238
Sup Districts Fifth District		Agent R. Ball

ATTACHMENT 1

RESOLUTION OF INTENTION

RESOLUTION OF INTENTION TO GRANT A COMMON-CARRIER

PETROLEUM PIPELINE FRANCHISE TO SFPP, L.P.

**RESOLUTION OF INTENTION TO GRANT A COMMON-CARRIER
PETROLEUM PIPELINE FRANCHISE TO SFPP, L.P.**

BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles, State of California:

A. SFPP, L.P., a Delaware limited partnership ("Franchisee"), has applied to the Board of Supervisors of the County of Los Angeles, State of California, for a franchise for a period of fifteen (15) years, to lay, construct, maintain, operate, renew, repair, change the size of, remove, or abandon in place pipes and pipelines for the collection, transportation and distribution of oil, petroleum, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wire, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate for Franchisee's operations in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code, now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California, within the service areas described in the proposed ordinance attached hereto as Exhibit "A-1," and depicted on the exhibit maps attached to said ordinance as Exhibits 1 through 6.

B. It is the intention of the Board of Supervisors of the County of Los Angeles, State of California, to grant the franchise applied for upon the terms and conditions herein mentioned. The Franchisee and its successors and assigns will, during the life of its franchise, pay to the municipality the amount specified in the proposed ordinance annually from the date of the granting of the franchise, and in the event such payment is not made, the franchise will be forfeited.

C. The franchise is described in the Ordinance attached hereto as Exhibit "A-1" and is a franchise for common-carrier pipeline purposes.

D. That on the ____ day of _____, 2005, at the hour of 9:30 a.m., a day not less than twenty (20) nor more than sixty (60) days after the date of the passage of this resolution, in the hearing room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, all persons having any objection to the granting of the franchise hereinabove described may appear before the Board of Supervisors and be heard thereon.

E. The Executive Officer, Board of Supervisors, shall cause a notice of said hearing to be published at least once within fifteen (15) days after adoption of this Resolution of Intention in a newspaper of general circulation published in the County of Los Angeles.

The foregoing resolution was on the ____ day of _____, 2005, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel


By  _____
GRACE V. CHANG
Deputy County Counsel

EXHIBIT “A-1”

PROPOSED COMMON-CARRIER PETROLEUM

PIPELINE FRANCHISE TO SFPP, L.P.

ATTACHMENT 2

RESOLUTION OF INTENTION

**RESOLUTION OF INTENTION TO GRANT A COMMON-CARRIER
PETROLEUM PIPELINE FRANCHISE TO CALNEV PIPE LINE LLC**

**RESOLUTION OF INTENTION TO GRANT A COMMON-CARRIER
PETROLEUM PIPELINE FRANCHISE TO CALNEV PIPE LINE LLC**

BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles, State of California:

A. Calnev Pipe Line LLC, a Delaware limited liability company ("Franchisee"), has applied to the Board of Supervisors of the County of Los Angeles, State of California, for a franchise for a period of fifteen (15) years, to lay, construct, maintain, operate, renew, repair, change the size of, remove, or abandon in place pipes and pipelines for the collection, transportation, and distribution of oil, petroleum, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wire, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate for Franchisee's operations in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code, now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California, within the service areas described in the proposed ordinance attached hereto as Exhibit "A-2," and depicted on the exhibit map attached to said ordinance as Exhibit 1.

B. It is the intention of the Board of Supervisors of the County of Los Angeles, State of California, to grant the franchise applied for upon the terms and conditions herein mentioned. The Franchisee and its successors and assigns will, during the life of its franchise, pay to the municipality the amount specified in the proposed ordinance annually from the date of the granting of the franchise, and in the event such payment is not made, the franchise will be forfeited.

C. The franchise is described in the Ordinance attached hereto as Exhibit "A-2" and is a franchise for common-carrier pipeline purposes.

D. That on the ____ day of _____, 2005, at the hour of 9:30 a.m., a day not less than twenty (20) nor more than sixty (60) days after the date of the passage of this resolution, in the hearing room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, all persons having any objection to the granting of the franchise hereinabove described may appear before the Board of Supervisors and be heard thereon.

E. The Executive Officer, Board of Supervisors, shall cause a notice of said hearing to be published at least once within fifteen (15) days after adoption of this Resolution of Intention in a newspaper of general circulation published in the County of Los Angeles.

The foregoing resolution was on the ____ day of _____, 2005, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By  _____
GRACE V. CHANG
Deputy County Counsel

EXHIBIT “A-2”

**PROPOSED COMMON-CARRIER PETROLEUM
PIPELINE FRANCHISE TO CALNEV PIPE LINE LLC**

ANALYSIS

This ordinance grants a common-carrier petroleum pipeline franchise to SFPP, L.P., a Delaware Limited Partnership ("Franchisee"), to transport petroleum products for a period of fifteen (15) years. The base annual franchise fee payable to the County by Franchisee will be determined according to a formula contained in California Public Utilities Code section 6231.5. Franchisee will additionally pay various annual fees required by Title 16, Division 3A of the Los Angeles County Code, and has also paid a one-time granting fee of five thousand dollars (\$5,000).

RAYMOND G. FORTNER, JR.
County Counsel

By 
GRACE V. CHANG
Deputy County Counsel
Property Division

GVC:gjh

(7/7/05) requested

(8/16/05) revised

ORDINANCE NO. _____

An ordinance granting a common-carrier petroleum pipeline franchise to SFPP, L.P., a Delaware Limited Partnership for a period of fifteen (15) years.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Franchise Term, Grant.

A. The right, privilege, and franchise is granted to SFPP, L.P., a Delaware Limited Partnership ("Franchisee"), and its successors and assigns, for the period of fifteen (15) years, beginning November 14, 2005, the effective date of this franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place, pipes and pipelines for the collection, transportation, or distribution of petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate for the Franchisee's operations, in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use within the following described

service areas within the unincorporated territory of the County of Los Angeles ("County"), State of California, and depicted on the exhibit map(s) attached hereto.

Part A: West Carson / Harbor Corridor Area: (Exhibit 1)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerline of Western Avenue with the centerline of 190th Street, said intersection being located in the City of Torrance, California; thence easterly and northeasterly along the centerline of 190th Street to the centerline of the Dominguez Channel; thence southeasterly along the centerline of the Dominguez Channel to the centerline of Figueroa Street; thence southerly along the centerline of Figueroa Street to the southerly boundary line of Lomita Boulevard; thence westerly along the southerly boundary line of Lomita Boulevard to the centerline of Western Avenue; thence northerly along the centerline of Western Avenue to the point of beginning, as same streets, centerlines, and boundary lines existed on June 15, 2005.

Part B: East Carson / Rancho Dominguez Area: (Exhibit 2)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the westerly boundary line of Wilmington Avenue with the centerline of the Gardena 91 Freeway, said intersection being located in the City of Compton, California; thence easterly along the centerline of the Gardena 91 Freeway to the centerline of Long Beach Boulevard; thence southeasterly along the

centerline of Long Beach Boulevard to the centerline of the Long Beach 710 Freeway; thence southwesterly along the centerline of the Long Beach 710 Freeway to the southerly boundary line of Del Amo Boulevard; thence westerly along the southerly boundary line of Del Amo Boulevard to the westerly boundary line of Wilmington Avenue; thence northerly along the westerly boundary line of Wilmington Avenue to the point of beginning, as same streets, centerlines, and boundary lines existed on June 15, 2005.

Part C: Florence / Graham / Walnut Park / Willowbrook Area: (Exhibit 3)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerline of Avalon Boulevard with the northerly boundary line of Slauson Avenue, said intersection being located in the City of Los Angeles, California; thence easterly along the northerly boundary line of Slauson Avenue to the northerly prolongation of the centerline of State Street; thence southerly along the centerline of State Street and its northerly prolongation to the southerly boundary line of Imperial Highway; thence westerly along the southerly boundary line of Imperial Highway to the centerline of Avalon Boulevard; thence northerly along the centerline of Avalon Boulevard to the point of beginning, as same streets, centerlines, and boundary lines existed on June 15, 2005.

Part D: South Whittier / East La Mirada Area: (Exhibit 4)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the westerly boundary line of Greenleaf Avenue, with the centerline of Whittier Boulevard, said intersection being located in the City of Whittier, California; thence southeasterly along the centerline of Whittier Boulevard to the easterly boundary line of the County of Los Angeles, said boundary line being also the westerly boundary line of the City of La Habra, in the County of Orange, California; thence southerly along the easterly boundary line of the County of Los Angeles to the southerly boundary line of Imperial Highway; thence westerly along the southerly boundary line of Imperial Highway to the westerly boundary line of Shoemaker Avenue; thence northerly along the westerly boundary line of Shoemaker Avenue and its northerly prolongation, to the point on said westerly boundary line where Shoemaker Avenue becomes Greenleaf Avenue; thence northerly along the westerly boundary line of Greenleaf Avenue, to the point of beginning, as same streets, centerlines, and boundary lines existed on June 15, 2005.

Part E: Northeast Whittier / Hacienda Heights Area: (Exhibit 5)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerline of Painter Avenue with the centerline of Beverly Boulevard in the City of Whittier, California; thence easterly along the centerline of Beverly Boulevard to that point on said centerline where Beverly Boulevard becomes Turnbull Canyon Road; thence easterly and northeasterly along the centerline of Turnbull Canyon Road, along its various courses and distances, crossing the Pomona 60 Freeway to the intersection with the centerline of Valley Boulevard in

the City of Industry, California; thence southeasterly along the centerline of Valley Boulevard to the northerly prolongation of the centerline of Fullerton Road; thence southerly along the centerline of Fullerton Road and its northerly prolongation to that point on said centerline where Fullerton Road becomes Harbor Boulevard; thence southerly along the centerline of Harbor Boulevard to the centerline of Whittier Boulevard in the City of La Habra, California; thence westerly and northwesterly along the centerline of Whittier Boulevard to the intersection of the centerline of Painter Avenue; thence northerly along the centerline of Painter Avenue to the point of beginning, as same streets, centerlines, and boundary lines existed on June 15, 2005.

Part F: Rowland Heights Area: (Exhibit 6)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerline of Valley Boulevard with the northerly prolongation of the centerline of Fullerton Road in the City of Industry, California; thence easterly and northeasterly along the centerline of Valley Boulevard to the northerly prolongation of the centerline of Brea Canyon Road; thence southerly along the centerline of Brea Canyon Road and its northerly and southerly prolongations to the centerline of Pathfinder Road; thence easterly along the centerline of Pathfinder Road to the northerly prolongation of the centerline of Brea Canyon Road; thence southerly and southwesterly along the centerline of Brea Canyon Road and its northerly prolongation to the centerline of Central Avenue in the City of Brea, California; thence westerly along the centerline of Central Avenue to that point on said centerline where

Central Avenue becomes La Habra Avenue; thence westerly along the centerline of La Habra Avenue to the centerline of Harbor Boulevard; thence northerly along the centerline of Harbor Boulevard to that point on said centerline where Harbor Boulevard becomes Fullerton Road; thence northerly along the centerline of Fullerton Road, and its northerly prolongation to the point of beginning, as same streets, centerlines, and boundary lines existed on June 15, 2005.

SECTION 2. Consideration; Payment of Fees.

During such time as the Franchisee's operations and rates for transportation are considered to be subject to the provisions of section 6231.5 of the California Public Utilities Code, the consideration shall be calculated pursuant to said section or other maximum amount permitted by law.

A. As consideration for the franchise granted, the Franchisee shall pay the County's Chief Administrative Office ("CAO") a one-time granting fee of five thousand dollars (\$5,000) within thirty (30) days after the adoption of this ordinance.

B. As additional consideration for the franchise granted, the Franchisee shall pay annually in arrears, on or before April 15 following the end of each calendar year, for each year during the life of the franchise ("fee payment date"), to the County, in lawful money of the United States, a franchise fee computed annually ("annual franchise fee") as follows:

The length of pipe expressed in feet located within the service area(s) described in Section 1 shall be multiplied by the applicable base rate, derived in accordance with the following schedule pursuant to section 6231.5 of the California Public Utilities Code:

Pipe size (internal diameter in inches)	Base rate per lineal foot
0-4	\$0.088
6	0.132
8	0.176
10	0.220
12	0.264
14	0.308
16	0.352
18	0.396
20	0.440
22	0.484
24	0.528
26	0.572
28	0.616
30	0.660

For pipelines with an internal diameter not listed above, the fees shall be in the same proportion to the fees of a 12-inch diameter pipe as the diameter of the unlisted pipe is to 12 inches.

C. The total amount of the annual franchise fee payment calculated according to the applicable base rate for each lineal foot of pipeline ("base annual fee"),

shall be computed and revised each calendar year, including the year of granting this franchise, as follows:

1. The applicable base rate shall be multiplied by the Consumer Price Index for all Urban Consumers ("CPI-U") for the Los Angeles-Riverside-Orange County California Metropolitan Area (1982-84=100), All Items, as published by the United States Department of Labor, Bureau of Labor Statistics/Office of Information ("Bureau"), for the month of September immediately preceding the fee payment date, divided by the CPI-U as it existed on June 30, 1989 (i.e., 128.7), which is declared to be 100: For example, if the CPI-U in September is 194.5, the annual franchise fee shall be one hundred and fifty-one and 1/10th percent (i.e., $194.5 / 128.7 = 1.51 = 151.1\%$) times the base annual fee, provided however, under no circumstances shall the multiplying factor be less than one, nor shall the annual franchise fee calculated using said factor, be less than the base annual fee.

2. If the Bureau discontinues the preparation or publication of CPI-U for the area, and if no translation or transposition table prepared by the Bureau is available so as to make those statistics which are then available applicable to the CPI-U as it existed on June 30, 1989, then the amount of each annual franchise fee shall be computed by reference to such other price index as may be chosen by the County which shall, in its judgment, vary from the rates specified in Public Utilities Code section 6231.5 in approximate proportion as then-current commodity consumer prices vary from commodity consumer prices which were current in December 1988. The County shall be the sole judge of comparability of successive indices and its

determination on this point shall be final and conclusive. In no event shall the amount of the annual franchise fee payment calculated according to the base rate and adjusted by reference to such other price index be less than the base annual fee as set forth in Section 2.B.

D. In addition to the foregoing annual payment, the Franchisee shall also pay:

1. The County Department of Public Works, Construction Division, Permit Section, within sixty (60) days after the end of each calendar year, for each year of the life of the franchise, an initial construction charge calculated at a rate of one hundred dollars (\$100.00) per mile or fraction thereof, for all new main lines laid during that preceding calendar year.

2. The County Auditor-Controller, within sixty (60) days after the end of each calendar year, for each year during the life of the franchise, an annual fee of twenty-five dollars (\$25.00) per pole-mile or portion thereof, and twenty-five dollars (\$25.00) per mile or portion thereof for aerial or above-ground lines or underground conduit for wires, cables, telephone, or telegraph lines maintained under the franchise during that preceding calendar year.

E. In the event section 6231.5 of the California Public Utilities Code ceases to be applicable to any of the Franchisee's pipelines, operations, or transportation rates, the County reserves the right to charge the Franchisee the rates then currently charged by the County for similar proprietary pipelines or the maximum amount permitted by law, whichever is greater.

F. In the event section 6231.5 of the California Public Utilities Code is no longer applicable to the franchise the County reserves the right to change its method of calculating fees and the amount thereof, not more frequently than once every five (5) years, if the Board of Supervisors ("Board") determines after a public hearing that good cause exists for such change and such increase and such action is not in conflict with the laws of the State of California.

G. Franchisee shall also pay any application, administrative, and processing fees required in connection with this franchise. These fees may be charged at the then-current applicable rate for any such actions.

SECTION 3. Reports.

The Franchisee shall during the life of the franchise:

A. File with the County Auditor-Controller and the CAO, Director of Real Estate, on the fee payment date, with one (1) copy to each, a report verified under oath by a duly authorized representative of the Franchisee, showing as of December 31 of the immediately preceding calendar year ("franchise report period"), the length of main lines in highways, the nominal internal diameter of such main lines, the rate per foot per year and the computation of the total amount of the annual franchise fee due to the County, together with such data as is necessary in the opinion of the County Auditor-Controller and/or the CAO, Director of Real Estate, to calculate or verify the calculation of the annual franchise fee required by Section 2.

B. In the report prepared pursuant to subsection 3.A above, Franchisee shall also show: any change in franchise footage since the end of the most recent prior

franchise report period, if any, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduit laid for wires, cables, telegraph lines, or telephone lines, old conduit removed, old conduit abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines in territory annexed or incorporated since the last day of the most recent prior franchise report period.

C. File with the Director of the County Department of Public Works and the CAO, Director of Real Estate, within sixty (60) days after the end of each franchise report period, with one (1) copy to each, a report showing the permit number of each permit obtained for the installation of new main lines and conduits during the just completed franchise report period, together with the length and size of such main lines and conduits.

SECTION 4. Late Payments.

A. In the event Franchisee fails to make any of the payments provided for herein on or before the dates they are due, the Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due on the sixty-first (61st) day after the due date. The ten percent (10%) has been set by both parties hereto in recognition of the difficulty in affixing actual damages from a breach of this time of performance requirement.

B. In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, is not received within ninety (90) days after the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month beginning on the ninety-first (91st) day after the due date.

SECTION 5. Indemnification, Insurance, and Bonding.

The Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless the County and its special districts, elected and appointed officers, employees, and agents ("County's agents") from and against any and all liability and expense, including claims and lawsuits for injuries or damages of any nature whatsoever, including but not limited to bodily injury, death, personal injury, or property damage, including property of the Franchisee, and including pollution liability, defense costs, legal fees, and workers' compensation benefits, based upon, arising from, or relating to either: (1) Franchisee's operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's agents") in connection with this franchise; and/or (2) the acts or omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the County and the County's agents from and against any and all pollution liability, contamination, or environmental degradation liability, including any and all expenses, claims, and lawsuits

for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above-ground or below-ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated to indemnify the County and County's agents for liability and expense arising from the active negligence of the County or County's agents.

B. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any water, waste water, mud, or other substances from Franchisee's pipelines. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances shall be the sole responsibility of Franchisee and shall be conducted by Franchisee or Franchisee's Agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, County, or other applicable local government at Franchisee's sole cost and expense, and shall be immediately undertaken. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's expense. Upon written demand by County, Franchisee shall reimburse County for all County expenses reasonably incurred

in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County, and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered on or before the effective date of this franchise, and on or before the expiration date of each term of insurance, to the CAO, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, or such other address(es) as Franchisee may be directed in writing by the CAO. Such certificates or other evidence shall:

- a. Specifically identify this franchise ordinance;
- b. Clearly evidence all insurance required in this franchise ordinance;
- c. Contain the express condition that the County is to be given written notice by registered mail at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of workers' compensation, or other insurance required by this Section 5;

d. Include a copy of the additional insured endorsement to the commercial general liability policy, adding the County and County's agents as insureds for all activities arising from this franchise; and

e. Show the Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection (d) stating "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance."

2. The County reserves the right to require copies of Franchisee's insurance policies at County's request.

3. Insurance is to be provided by an insurance company with an A. M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. The Franchisee agrees to release the County and County's agents and waive its rights of recovery against them under the insurance policies specified in this franchise ordinance.

5. Liability: Such insurance shall be endorsed naming the County of Los Angeles and the County's agents as additional insureds and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, unless

otherwise approved by the County), with limits of not less than five million dollars (\$5,000,000) per occurrence, fifteen million dollars (\$15,000,000) policy aggregate, and fifteen million dollars (\$15,000,000) products/completed operations aggregate.

i. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

b. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned, non-owned, and hired vehicles with a limit of not less than one million dollars (\$1,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup cost endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form to meet all applicable state and federal requirements but in no event less than five million dollars (\$5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit shall be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code

of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to the Franchisee's employees. If the Franchisee's employees will be engaged in maritime employment, the coverage shall provide the benefits required by the Federal U.S. Longshoreman and Harbor Worker Compensation Act, Jones Act, or any other federal law to which the Franchisee is subject. In all cases, the above insurance shall include Employers' Liability insurance with not less than:

- a. Each accident: one million dollars (\$1,000,000).
- b. Disease-policy limit: one million dollars (\$1,000,000).
- c. Disease-each employee: one million dollars (\$1,000,000).

D. Franchisee shall furnish the CAO, Real Estate Division, at the location specified in subsection 5.C.1 within thirty (30) days of the adoption of this ordinance and within thirty (30) days of the expiration date of each term of insurance, either certified copies of the policies required by subsection 5.C or a certificate of insurance for each of said policies executed by the Franchisee's insurance agent or by the company issuing the policy, certifying that the policy is in force.

E. As an alternative to commercial insurance from Franchisee, the County may consider and approve, at the County's sole option, Franchisee's use of a program of self-insurance or self-insured retention, upon review and approval of the following:

1. An agreement to provide the County and the County's agents with indemnification in accordance with subsections 5.A and 5.B. The County shall be provided at least the same defense of suits and payments of claims as would be provided by the first dollar of commercial insurance.

2. A formal declaration by Franchisee to be self-insured for the type and amount of coverage indicated in this ordinance. This can be in the form of a corporate resolution or a certified statement from an authorized principal of the Franchisee. Franchisee must notify the CAO, Real Estate Division, at the location specified in subsection 5.C.1, immediately of discontinuation or substantial change in the self-insurance or self-insured retention program.

3. An agreement to notify the CAO immediately of any claim, judgment, settlement, award, verdict, or change in Franchisee's financial condition which would have a significant negative effect on the protection that the self-insurance or self-insured retention program provides to the County.

4. The name, address, and telephone number of Franchisee's legal counsel and claim representative, respectively, for the self-insurance or self-insured retention program.

5. Upon request by CAO, an audited financial statement that gives evidence of Franchisee's capacity to respond to claims falling within the self-insurance or self-insured retention program. Resubmission of such a statement may be required annually for the duration of the franchise, or more frequently at the request of the CAO.

6. A Certificate of Consent to Self-Insure issued by the State of California, Department of Industrial Relations certifying Franchisee's compliance with the requirements of the Director of Industrial Relations under the provisions of the Labor Code of the State of California (sections 3700 to 3705, inclusive) and certifying

Franchisee has furnished satisfactory proof to said Director of Franchisee's ability to self-insure and to pay any compensation that may become due to Franchisee's employees.

7. Failure on the part of the Franchisee to comply with the County's requirements for approval of a program of self-insurance or self-insured retention will result in withdrawal of the County's approval to self-insure.

F. Within thirty (30) days of the adoption of this ordinance, Franchisee shall provide to the CAO, at the location specified in subsection 5.C.1, a faithful performance bond in the sum of not less than fifty thousand dollars (\$50,000) payable to the County of Los Angeles and executed by a corporate surety, acceptable to the County and licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of this franchise and shall provide that, in case of any breach of condition of this franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed to be liquidated damages, and shall be payable to the County by the principal and surety(ies) of the bond.

1. Throughout the term of this franchise, Franchisee shall maintain the faithful performance bond in the amount specified herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the bond as provided in this section, Franchisee shall restore the bond to the full amount specified herein.

2. The faithful performance bond shall continue to exist for one (1) year following the CAO's approval of any sale, transfer, assignment, or other change of ownership of the franchise, or of the expiration or termination of the franchise. The CAO may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.

3. At its sole option, the County may accept certificates of deposit, cash deposits, irrevocable letters of credit, or U.S. government securities in lieu of, or in addition to, commercial bonds to meet the above bonding requirements. Such alternative security shall be made payable to the County and shall be deposited with the County's Auditor-Controller and/or Treasurer Tax Collector, as applicable.

G. The types and amounts of said insurance coverage and bonding shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

H. Failure on the part of Franchisee to procure or maintain the required insurance and bonding, or to provide evidence of current insurance and bonding, shall constitute a material breach of the terms of this franchise upon which the County may immediately terminate or suspend this franchise.

I. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commence until Franchisee has complied with the provisions of this Section 5, and any operations shall be

suspended during any period that Franchisee fails to maintain the insurance and bonding required hereunder.

SECTION 6. Transfers and Assignments.

A. Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof (each of which is hereinafter referred to as an "assignment"), to any other person or entity ("transferee") except with the prior written consent of the CAO, and after payment of a transfer fee as detailed in subsection 6.G. As used in this section, "transfer" includes stock transfer and "control" includes actual working control in whatever manner exercised.

B. Franchisee shall give notice to the CAO of any pending assignment, except as excluded in subsection 6.E, and shall provide all documents requested by the CAO, as set forth in subsection 6.F, on which the assignment is predicated. Consent to any such assignment shall only be refused if the CAO finds that Franchisee is in noncompliance with the terms and conditions of the franchise and/or that the proposed transferee, as applicable, is lacking in experience and/or financial ability to meet the franchise obligations. Consent from the CAO shall be conditioned upon the consummation of the assignment on the terms and conditions set forth in the assignment documents delivered to County, the assumption by the transferee, as applicable, of all the Franchisee's covenants and obligations under the franchise, and all information provided CAO under subsection 6.F, below, being true and correct as of the time of the consummation of the assignment. Upon receipt of such consent from the CAO, Franchisee may proceed to consummate the assignment.

C. Franchisee shall file with the CAO within thirty (30) days after the effective date of any such assignment, a certified copy of the duly executed instrument(s) which officially evidences such assignment. If such duly executed instrument(s) is not filed with the CAO within thirty (30) days after the effective date of such assignment, or if the conditions to consent by the CAO have not been met, then upon expiration of said thirty (30) days, the CAO may notify the Franchisee and the proposed transferee that the assignment is not deemed approved by the County. The CAO may then administratively determine that the assignment has no force or effect or that the franchise is forfeited and the Board may repeal this franchise.

D. As a condition to the granting of consent to such assignment, the Board may impose such additional terms and conditions upon this franchise and upon the proposed transferee which the CAO recommends or the Board deems to be in the public interest. Such additional terms and conditions shall be expressed by ordinance. Nothing contained herein shall be construed to grant Franchisee the right to complete an assignment except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of the Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of, or a twenty-five percent (25%) or more interest in, Franchisee, to any person or persons, corporation, partnership, or legal entity other than

the person or entity with the controlling interest in the Franchisee on the effective date of the franchise or the effective date of the last approved assignment, consent thereof shall be required as otherwise provided in this Section 6.

F. Upon notice by Franchisee of any pending assignment, the proposed transferee shall submit an assignment application to the CAO, which shall contain, but is not limited to:

1. Identification of the proposed transferee which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, operating agreements), and the names and addresses of any parent or subsidiary of the proposed transferee(s), or any other business entity owning or controlling the proposed transferee in part or in whole.

2. A current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CAO that the proposed transferee has all the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years, and a statement of changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending assignment ("assignment documents").

4. Other information which may be required by the CAO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. The transfer fee shall be submitted with the Franchisee's request for the County's consent to any assignment described in subsection 6.A and shall be determined as follows:

1. Consent to assignment or any other action in which the County does not elect to modify the franchise by adoption of an amending ordinance: one thousand dollars (\$1,000).

2. Consent to assignment or any other action in which the County elects to modify the franchise by adoption of an amending ordinance: two thousand five hundred dollars (\$2,500).

3. In the event County's actual costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, the Franchisee and proposed transferee may be required to pay any additional costs incurred by the County in processing the Franchisee and/or proposed transferee's request for assignment. Such costs shall be paid by the Franchisee and the proposed transferee prior to final consideration of the request by the CAO or the Board, as applicable.

SECTION 7. Relocation of Pipelines.

In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the County Code, in addition to all obligations of Franchisee and rights of the County under Sections 16.38.450 and

16.52.290 of the County Code, if Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for, and shall reimburse the County, City, or other public entity, for any and all additional costs or expenses incurred by the County, City, or other public entity due to, or resulting from, such delay in relocation of the facilities.

SECTION 8. Pipeline Franchise Ordinance.

In addition to the terms and conditions stated herein, this franchise is granted under all of the terms and conditions contained in the County Pipeline Franchise Ordinance, Title 16, Division 3A, of the Los Angeles County Code, as codified in 1978 and amended to date, which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms of the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control. Without limiting the generality of the foregoing, Sections 16.52.020H, 16.52.100, 16.52.110, 16.52.120, 16.52.140, 16.52.150, 16.52.200, 16.52.220, 16.52.340, 16.54.050, 16.54.060, 16.54.070, 16.54.080, and 16.54.090 are superseded by this franchise granting ordinance.

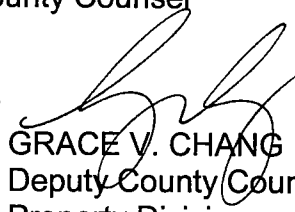
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ANALYSIS

This ordinance grants a common-carrier petroleum pipeline franchise to Calnev Pipe Line LLC, a Delaware Limited Liability Company ("Franchisee"), to transport petroleum products for a period of fifteen (15) years. The base annual franchise fee payable to the County by Franchisee will be determined according to a formula contained in California Public Utilities Code section 6231.5. Franchisee will additionally pay various annual fees required by Title 16, Division 3A of the Los Angeles County Code, and has also paid a one-time granting fee of five thousand dollars (\$5,000).

RAYMOND G. FORTNER, JR.
County Counsel

By


GRACE V. CHANG
Deputy County Counsel
Property Division

GVC:gjh

(7/29/05) requested

(8/16/05) revised

ORDINANCE NO. _____

An ordinance granting a common-carrier petroleum pipeline franchise to Calnev Pipe Line LLC, a Delaware Limited Liability Company for a period of fifteen (15) years.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Franchise Term, Grant.

A. The right, privilege, and franchise is granted to Calnev Pipe Line LLC, a Delaware Limited Liability Company ("Franchisee"), and its successors and assigns, for the period of fifteen (15) years, beginning November 14, 2005, the effective date of this franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place, pipes and pipelines for the collection, transportation, or distribution of petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980", 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate for the Franchisee's operations, in, under, along, or across, any and all highways as defined in Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use within the following

described service areas within the unincorporated territory of the County of Los Angeles ("County"), State of California, and depicted on the exhibit map attached hereto.

Part A: East Antelope Valley Area: (Exhibit 1)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the northerly prolongation of the centerline of 90th Street East, with the northerly boundary line of the County of Los Angeles, California, said northerly boundary line being also the southerly boundary line of Kern County, California; thence southerly along the centerline of 90th Street East and its northerly prolongation to the centerline of Palmdale Boulevard; thence easterly along the centerline of Palmdale Boulevard and its easterly prolongation to the easterly boundary line of the County of Los Angeles, California, said easterly boundary line being also the westerly boundary line of San Bernardino County, California; thence northerly along the easterly boundary line of the County of Los Angeles, California, to the southerly boundary line of the Kern County, California, said southerly boundary line being also the northerly boundary line of the County of Los Angeles; thence westerly along the northerly boundary line of the County of Los Angeles to the point of beginning, as same streets, centerlines, and boundary lines existed on June 15, 2005.

SECTION 2. Consideration; Payment of Fees.

During such time as the Franchisee's operations and rates for transportation are considered to be subject to the provisions of section 6231.5 of the California Public

Utilities Code, the consideration shall be calculated pursuant to said section or other maximum amount permitted by law.

A. As consideration for the franchise granted, the Franchisee shall pay the County's Chief Administrative Office ("CAO") a one-time granting fee of five thousand dollars (\$5,000) within thirty (30) days after the adoption of this ordinance.

B. As additional consideration for the franchise granted, the Franchisee shall pay annually in arrears, on or before April 15 following the end of each calendar year, for each year during the life of the franchise ("fee payment date"), to the County, in lawful money of the United States, a franchise fee computed annually ("annual franchise fee") as follows:

The length of pipe expressed in feet located within the service area(s) described in Section 1 shall be multiplied by the applicable base rate, derived in accordance with the following schedule pursuant to section 6231.5 of the California Public Utilities Code:

Pipe size (internal diameter in inches)	Base rate per lineal foot
0-4	\$0.088
6	0.132
8	0.176
10	0.220
12	0.264
14	0.308
16	0.352

18	0.396
20	0.440
22	0.484
24	0.528
26	0.572
28	0.616
30	0.660

For pipelines with an internal diameter not listed above, the fees shall be in the same proportion to the fees of a 12-inch diameter pipe as the diameter of the unlisted pipe is to 12 inches.

C. The total amount of the annual franchise fee payment calculated according to the applicable base rate for each lineal foot of pipeline ("base annual fee") shall be computed and revised each calendar year, including the year of granting this franchise, as follows:

1. The applicable base rate shall be multiplied by the Consumer Price Index for all Urban Consumers ("CPI-U") for the Los Angeles-Riverside-Orange County California Metropolitan Area (1982-84=100), All Items, as published by the United States Department of Labor, Bureau of Labor Statistics/Office of Information ("Bureau"), for the month of September immediately preceding the fee payment date, divided by the CPI-U as it existed on June 30, 1989 (i.e., 128.7), which is declared to be 100: For example, if the CPI-U in September is 194.5, the annual franchise fee shall be one hundred and fifty-one and 1/10th percent (i.e., $194.5 / 128.7 = 1.51 = 151.1\%$) times the

base annual fee, provided however, under no circumstances shall the multiplying factor be less than one, nor shall the annual franchise fee calculated using said factor, be less than the base annual fee.

2. If the Bureau discontinues the preparation or publication of CPI-U for the area, and if no translation or transposition table prepared by the Bureau is available so as to make those statistics which are then available applicable to the CPI-U as it existed on June 30, 1989, then the amount of each annual franchise fee shall be computed by reference to such other price index as may be chosen by the County which shall, in its judgment, vary from the rates specified in Public Utilities Code section 6231.5 in approximate proportion as then-current commodity consumer prices vary from commodity consumer prices which were current in December 1988. The County shall be the sole judge of comparability of successive indices and its determination on this point shall be final and conclusive. In no event shall the amount of the annual franchise fee payment calculated according to the base rate and adjusted by reference to such other price index be less than the base annual fee as set forth in Section 2.B.

D. In addition to the foregoing annual payment, the Franchisee shall also pay:

1. The County Department of Public Works, Construction Division, Permit Section, within sixty (60) days after the end of each calendar year, for each year of the life of the franchise, an initial construction charge calculated at a rate of one

hundred dollars (\$100.00) per mile or fraction thereof, for all new main lines laid during that preceding calendar year.

2. The County Auditor-Controller, within sixty (60) days after the end of each calendar year, for each year during the life of the franchise, an annual fee of twenty-five dollars (\$25.00) per pole-mile or portion thereof, and twenty-five dollars (\$25.00) per mile or portion thereof for aerial or above-ground lines or underground conduit for wires, cables, telephone, or telegraph lines maintained under the franchise during that preceding calendar year.

E. In the event section 6231.5 of the California Public Utilities Code ceases to be applicable to any of the Franchisee's pipelines, operations, or transportation rates, the County reserves the right to charge the Franchisee the rates then currently charged by the County for similar proprietary pipelines or the maximum amount permitted by law, whichever is greater.

F. In the event section 6231.5 of the California Public Utilities Code is no longer applicable to the franchise, the County reserves the right to change its method of calculating fees and the amount thereof, not more frequently than once every five (5) years, if the Board of Supervisors ("Board") determines after a public hearing that good cause exists for such change and such increase, and such action is not in conflict with the laws of the State of California.

G. Franchisee shall also pay any application, administrative, and processing fees required in connection with this franchise. These fees may be charged at the then-current applicable rate for any such actions.

SECTION 3. Reports.

The Franchisee shall during the life of the franchise:

A. File with the County Auditor-Controller and the CAO, Director of Real Estate, on the fee payment date, with one (1) copy to each, a report verified under oath by a duly authorized representative of the Franchisee, showing as of December 31 of the immediately preceding calendar year ("franchise report period"), the length of main lines in highways, the nominal internal diameter of such main lines, the rate per foot per year, and the computation of the total amount of the annual franchise fee due to the County, together with such data as is necessary in the opinion of the County Auditor-Controller and/or the CAO, Director of Real Estate, to calculate or verify the calculation of the annual franchise fee required by Section 2.

B. In the report prepared pursuant to subsection 3.A above, Franchisee shall also show: any change in franchise footage since the end of the most recent prior franchise report period, if any, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduit laid for wires, cables, telegraph lines, or telephone lines, old conduit removed, old conduit abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines in territory annexed or incorporated since the last day of the most recent prior franchise report period.

C. File with the Director of the County Department of Public Works and the CAO, Director of Real Estate, within sixty (60) days after the end of each franchise report period, with one (1) copy to each, a report showing the permit number of each permit obtained for the installation of new main lines and conduits during the just completed franchise report period, together with the length and size of such main lines and conduits.

SECTION 4. Late Payments.

A. In the event Franchisee fails to make any of the payments provided for herein on or before the dates they are due, the Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due on the sixty-first (61st) day after the due date. The ten percent (10%) has been set by both parties hereto in recognition of the difficulty in affixing actual damages from a breach of this time of performance requirement.

B. In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, is not received within ninety (90) days after the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month beginning on the ninety-first (91st) day after the due date.

SECTION 5. Indemnification, Insurance, and Bonding.

The Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless the County and its special districts, elected and appointed officers, employees, and agents ("County's

agents") from and against any and all liability and expense, including claims and lawsuits, for injuries or damages of any nature whatsoever, including but not limited to bodily injury, death, personal injury, or property damage, including property of the Franchisee, and including pollution liability, defense costs, legal fees, and workers' compensation benefits, based upon, arising from, or relating to either: (1) Franchisee's operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's agents") in connection with this franchise; and/or (2) the acts or omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the County and the County's agents from and against any and all pollution liability, contamination, or environmental degradation liability, including any and all expenses, claims, and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above-ground or below-ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated to indemnify the County and County's agents for liability and expense arising from the active negligence of the County or County's agents.

B. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any water, waste water, mud, or other substances from Franchisee's pipelines. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances shall be the sole responsibility of Franchisee and shall be conducted by Franchisee or Franchisee's Agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, County, or other applicable local government at Franchisee's sole cost and expense, and shall be immediately undertaken. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's expense. Upon written demand by County, Franchisee shall reimburse County for all County expenses reasonably incurred in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County, and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered on or before the effective date of this franchise, and on or

before the expiration date of each term of insurance, to the CAO, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, or such other address(es) as Franchisee may be directed in writing by the CAO. Such certificates or other evidence shall:

- a. Specifically identify this franchise ordinance;
- b. Clearly evidence all insurance required in this franchise ordinance;
- c. Contain the express condition that the County is to be given written notice by registered mail at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of workers' compensation, or other insurance required by this Section 5;
- d. Include a copy of the additional insured endorsement to the commercial general liability policy, adding the County and County's agents as insureds for all activities arising from this franchise; and
- e. Show the Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection (d) stating "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds and the additional insureds"

insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance."

2. The County reserves the right to require copies of Franchisee's insurance policies at County's request.

3. Insurance is to be provided by an insurance company with an A. M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. The Franchisee agrees to release the County and County's agents and waive its rights of recovery against them under the insurance policies specified in this franchise ordinance.

5. Liability: Such insurance shall be endorsed naming the County of Los Angeles and the County's agents as additional insureds, and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, unless otherwise approved by the County), with limits of not less than five million dollars (\$5,000,000) per occurrence, fifteen million dollars (\$15,000,000) policy aggregate, and fifteen million dollars (\$15,000,000) products/completed operations aggregate.

i. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

b. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County),

endorsed for all owned, non-owned, and hired vehicles with a limit of not less than one million dollars (\$1,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup cost endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form to meet all applicable state and federal requirements but in no event less than five million dollars (\$5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit shall be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to the Franchisee's employees. If the Franchisee's employees will be engaged in maritime employment, the coverage shall provide the benefits required by the Federal U.S. Longshoreman and Harbor Worker Compensation Act, Jones Act, or any other federal law to which the Franchisee is subject. In all cases, the above insurance shall include Employers' Liability insurance with not less than:

- a. Each accident: one million dollars (\$1,000,000).
- b. Disease-policy limit: one million dollars (\$1,000,000).
- c. Disease-each employee: one million dollars (\$1,000,000).

D. Franchisee shall furnish the CAO, Real Estate Division, at the location specified in subsection 5.C.1 within thirty (30) days of the adoption of this ordinance, and within thirty (30) days of the expiration date of each term of insurance, either certified copies of the policies required by subsection 5.C or a certificate of insurance for each of said policies executed by the Franchisee's insurance agent, or by the company issuing the policy, certifying that the policy is in force.

E. As an alternative to commercial insurance from Franchisee, the County may consider and approve, at the County's sole option, Franchisee's use of a program of self-insurance or self-insured retention, upon review and approval of the following:

1. An agreement to provide the County and the County's agents with indemnification in accordance with subsections 5.A and 5.B. The County shall be provided at least the same defense of suits and payments of claims as would be provided by the first dollar of commercial insurance.

2. A formal declaration by Franchisee to be self-insured for the type and amount of coverage indicated in this ordinance. This can be in the form of a corporate resolution or a certified statement from an authorized principal of the Franchisee. Franchisee must notify the CAO, Real Estate Division, at the location specified in subsection 5.C.1, immediately of discontinuation or substantial change in the self-insurance or self-insured retention program.

3. An agreement to notify the CAO immediately of any claim, judgment, settlement, award, verdict, or change in Franchisee's financial condition which would have a significant negative effect on the protection that the self-insurance or self-insured retention program provides to the County.

4. The name, address, and telephone number of Franchisee's legal counsel and claim representative, respectively, for the self-insurance or self-insured retention program.

5. Upon request by CAO, an audited financial statement that gives evidence of Franchisee's capacity to respond to claims falling within the self-insurance or self-insured retention program. Resubmission of such a statement may be required annually for the duration of the franchise or more frequently at the request of the CAO.

6. A Certificate of Consent to Self-Insure issued by the State of California, Department of Industrial Relations certifying Franchisee's compliance with the requirements of the Director of Industrial Relations under the provisions of the Labor Code of the State of California (sections 3700 to 3705, inclusive) and certifying Franchisee has furnished satisfactory proof to said Director of Franchisee's ability to self-insure and to pay any compensation that may become due to Franchisee's employees.

7. Failure on the part of the Franchisee to comply with the County's requirements for approval of a program of self-insurance or self-insured retention will result in withdrawal of the County's approval to self-insure.

F. Within thirty (30) days of the adoption of this ordinance, Franchisee shall provide to the CAO, at the location specified in subsection 5.C.1, a faithful performance bond in the sum of not less than fifty thousand dollars (\$50,000) payable to the County of Los Angeles and executed by a corporate surety, acceptable to the County and licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of this franchise and shall provide that, in case of any breach of condition of this franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed to be liquidated damages, and shall be payable to the County by the principal and surety(ies) of the bond.

1. Throughout the term of this franchise, Franchisee shall maintain the faithful performance bond in the amount specified herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the bond as provided in this section, Franchisee shall restore the bond to the full amount specified herein.

2. The faithful performance bond shall continue to exist for one (1) year following the CAO's approval of any sale, transfer, assignment, or other change of ownership of the franchise, or of the expiration or termination of the franchise. The CAO may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.

3. At its sole option, the County may accept certificates of deposit, cash deposits, irrevocable letters of credit, or U.S. government securities in lieu of, or in

addition to, commercial bonds to meet the above bonding requirements. Such alternative security shall be made payable to the County and shall be deposited with the County's Auditor-Controller and/or Treasurer Tax Collector, as applicable.

G. The types and amounts of said insurance coverage and bonding shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

H. Failure on the part of Franchisee to procure or maintain the required insurance and bonding, or to provide evidence of current insurance and bonding, shall constitute a material breach of the terms of this franchise upon which the County may immediately terminate or suspend this franchise.

I. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commence until Franchisee has complied with the provisions of this Section 5, and any operations shall be suspended during any period that Franchisee fails to maintain the insurance and bonding required hereunder.

SECTION 6. Transfers and Assignments.

A. Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof (each of which is hereinafter referred to as an "assignment"), to any other person or entity ("transferee") except with the prior written consent of the CAO, and after payment of a transfer fee as

detailed in subsection 6.G. As used in this section, "transfer" includes stock transfer and "control" includes actual working control in whatever manner exercised.

B. Franchisee shall give notice to the CAO of any pending assignment, except as excluded in subsection 6.E, and shall provide all documents requested by the CAO, as set forth in subsection 6.F, on which the assignment is predicated. Consent to any such assignment shall only be refused if the CAO finds that Franchisee is in noncompliance with the terms and conditions of the franchise and/or that the proposed transferee, as applicable, is lacking in experience and/or financial ability to meet the franchise obligations. Consent from the CAO shall be conditioned upon the consummation of the assignment on the terms and conditions set forth in the assignment documents delivered to County, the assumption by the transferee, as applicable, of all the Franchisee's covenants and obligations under the franchise, and all information provided CAO under subsection 6.F, below, being true and correct as of the time of the consummation of the assignment. Upon receipt of such consent from the CAO, Franchisee may proceed to consummate the assignment.

C. Franchisee shall file with the CAO within thirty (30) days after the effective date of any such assignment, a certified copy of the duly executed instrument(s) which officially evidences such assignment. If such duly executed instrument(s) is not filed with the CAO within thirty (30) days after the effective date of such assignment, or if the conditions to consent by the CAO have not been met, then upon expiration of said thirty (30) days, the CAO may notify the Franchisee and the proposed transferee that the assignment is not deemed approved by the County. The CAO may then

administratively determine that the assignment has no force or effect or that the franchise is forfeited and the Board may repeal this franchise.

D. As a condition to the granting of consent to such assignment, the Board may impose such additional terms and conditions upon this franchise and upon the proposed transferee which the CAO recommends or the Board deems to be in the public interest. Such additional terms and conditions shall be expressed by ordinance. Nothing contained herein shall be construed to grant Franchisee the right to complete an assignment except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of the Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of, or a twenty-five percent (25%) or more interest in, Franchisee, to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest in the Franchisee on the effective date of the franchise or the effective date of the last approved assignment, consent thereof shall be required as otherwise provided in this Section 6.

F. Upon notice by Franchisee of any pending assignment, the proposed transferee shall submit an assignment application to the CAO, which shall contain, but is not limited to:

1. Identification of the proposed transferee which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, operating agreements), and the names and addresses of any parent or subsidiary of the proposed transferee(s), or any other business entity owning or controlling the proposed transferee in part or in whole.

2. A current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CAO that the proposed transferee has all the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years, and a statement of changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending assignment ("assignment documents").

4. Other information which may be required by the CAO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. The transfer fee shall be submitted with the Franchisee's request for the County's consent to any assignment described in subsection 6.A and shall be determined as follows:

1. Consent to assignment or any other action, in which the County does not elect to modify the franchise by adoption of an amending ordinance: one thousand dollars (\$1,000).

2. Consent to assignment or any other action, in which the County elects to modify the franchise by adoption of an amending ordinance: two thousand five hundred dollars (\$2,500).

3. In the event County's actual costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, the Franchisee and proposed transferee may be required to pay any additional costs incurred by the County in processing the Franchisee and/or proposed transferee's request for assignment. Such costs shall be paid by the Franchisee and the proposed transferee prior to final consideration of the request by the CAO or the Board, as applicable.

SECTION 7. Relocation of Pipelines.

In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the County Code, in addition to all obligations of Franchisee and rights of the County under Sections 16.38.450 and 16.52.290 of the County Code, if Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for, and shall reimburse the County, City, or other public entity for any and all additional costs or expenses incurred by the County, City, or other public entity due to, or resulting from, such delay in relocation of the facilities.

SECTION 8. Pipeline Franchise Ordinance.

In addition to the terms and conditions stated herein, this franchise is granted under all of the terms and conditions contained in the County Pipeline Franchise Ordinance, Title 16, Division 3A, of the Los Angeles County Code, as codified in 1978 and amended to date, which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms of the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control. Without limiting the generality of the foregoing, Sections 16.52.020H, 16.52.100, 16.52.110, 16.52.120, 16.52.140, 16.52.150, 16.52.200, 16.52.220, 16.52.340, 16.54.050, 16.54.060, 16.54.070, 16.54.080, and 16.54.090 are superseded by this franchise granting ordinance.

[CALNEVFRNGCCC]